

BUDGET COST GUIDELINES

The items presented in this section deal with the development of certain program costs that must be incorporated into the budget request. These include the five summary object codes:

Personnel Costs	Operating Expenditures	Capital Outlay	Trustee/Benefit Payments	Lump Sum
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The projected costs of other items included in the budget are to be obtained from the best available sources.

Personnel Costs – Existing Positions

Maintenance of Current Operations (MCO): There are certain Personnel Cost increases related to **existing positions** that are necessary merely to maintain the current performance levels of the program. These increases include:

- Increases in personnel benefits associated with existing full-time and part-time permanent employees: DU 10.11.
- Refactored classifications: DU 10.42. Adjustments needed when the Division of Human Resources revises the pay grade for an entire class of positions statewide, and an agency has received prior approval from the Division of Financial Management for the anticipated fiscal impact of refactoring. It is important to differentiate refactoring from reclassifications (see Glossary of Terms). Budget impacts for reclassified positions are considered neutral and will not be funded in the succeeding year's agency budget request.
- Position salary annualizations that result from positions being authorized or funded for only part of the previous fiscal year: DU 10.51.
- Statewide salary increases, more commonly referred to as the Change in Employee Compensation (CEC): DU 10.61, DU 10.62, and DU 10.63.
- Inflationary increases associated with group or temporary positions and other salary improvements such as salary equity, merit increases, and expansion of temporary help amounts are not to be included in MCO decision units. They should be placed in line item decision units (12.00 series).

Computation of MCO Personnel Costs: The automated WSR projects Personnel Costs by position for both the current year and budget year. The report assumes that vacant positions are filled on state compensation schedule H at entry level plus 5% and that no turnover in authorized positions occurs (for nonclassified, see below).

The WSR is prepared from the information contained in the EIS. Any deviation between the costs calculated in the report and those included in the MCO decision unit must be reconciled on the B-6 form. All positions funded with appropriated dollars must be reflected. DFM and LSO-BPA analysts have a copy of the WSR; therefore there is no need to submit a WSR with the budget request.

The following methodology is used in preparing the WSR and must also be used in preparing the B-6 form:

Classified and nonclassified positions assigned grades from the state compensation schedule H: When the position is filled, Personnel Costs are determined by the grade of the incumbent as of July 1. If the position is vacant, the cost of entry level plus 5% is used. Positions with invalid class codes will be projected at zero dollars for both the current year and budget year, but will reflect actual dollars expended in the prior year. To avoid errors, please ensure that EIS actions are submitted accurately and completely according to time frames prescribed in the year-end closing memo and other documents so that WSR corrections are minimized.

Nonclassified positions not assigned a grade from the state compensation schedule: If occupied, the salary reflected will be that of the incumbent on July 1. If vacant, the dollars reflected would be what was budgeted for the position on July 1.

Vacant Positions: The State Controller's Office will automatically delete from the Employee Information System any position that has been vacant for one year in accordance with 67-3519 *Idaho Code*. The position and its funding will remain in the agency's appropriation until legislative adjustments are made. Re-establishments of deleted positions on EIS or alternative uses of Personnel Costs require the approval of the Division of Financial Management. Vacant or deleted positions that will not be filled during FY 2007 must be eliminated in the agency's budget request. EIS forms deleting vacant positions should be submitted by the agency to the State Controller's Office.

Employee Benefits: The rates provided in the table on pages 13 and 14 are the ones used on the July 1 WSR. The rates reflect estimates of what agencies are expected to pay from the Personnel Costs portion of their program budgets.

The current year estimate of combined total cost for salary and benefits should be reconciled to your current year Personnel Costs appropriation as explained on page 16.

Salary Increases, Including Proposed Employee Benefit Improvement: Agencies will be required to compute a CEC decision unit based on a 3.5% employee compensation increase for permanent employees. Each CEC decision unit information block (DU 10.60) should accurately contain the base salary by fund source and be broken out by classified, nonclassified, and board positions. CEC for group and temporary positions will be calculated in DU 10.62 also at a 3.5% multiplier. Salary increases for elected officials are to be placed in DU 10.63. Refer to the instructions on page 19. The assigned DFM analyst will complete the CEC decision unit in the Executive Budget to reflect the Governor's recommendation.

Agencies paying employees from funds other than the General Fund must reserve adequate revenues for any CEC adjustment. In determining how much to set aside, agencies should set aside a total of 5% of Personnel Costs as a rough approximation of the amount needed. Funds that have insufficient revenue or are limited in the ability to fund CEC, should be addressed in the CEC decision unit (10.60 series) along with an explanation. See fund shift instructions on page 25.

Other Personnel Costs increases, such as the Division of Human Resources approved payline exceptions and refactored positions or annualization of positions (DU 10.42 and 10.50 series), should be separately identified and included in the appropriate MCO decision units.

All other Personnel Costs in areas such as salary equity, merit increases, reclassifications, and changes in budgeted salaries for group positions should be placed in separate line item decision units and prioritized along with other line item decision units (12.00 series).

Personnel Costs - New Positions

When budgeting for new classified positions, use entry level plus 5% on state compensation schedule H. Use dollar amounts shown in Appendix D when requesting new positions. As the Division of Human Resources is currently modifying schedule H, please review the on-line version at dhr.Idaho.gov prior to finalizing your request for new positions. Be sure to increase the DHR minimum amounts by 5% for vacant position requests.

Operating Expenditures

Agencies will adjust their FY 2007 Operating Expenditure estimate by fund to remove all one-time funding in order to arrive at the FY 2008 Base. These adjustments will be made in the DU 8.40 series. Agencies must use form B-4 to determine inflationary increases by summary object. Upon completion of form B-4 agencies may choose to use the calculated inflation adjustment or a general inflationary increase of 1.81% or a medical inflationary increase of 3.06% in Operating Expenditures and/or Trustee and Benefits in the MCO portion of the budget. Decision unit 10.21 should be used for general inflationary increases and DU 10.22 should be used for medical inflationary increases. The FY 2008 Base amounts for fixed costs and interagency nonstandard adjustments decision units (10.40 series) must be removed before applying the general inflation factor.

Replacement Operating Expenditures for data processing software, etc. should be identified and noted on the B-7 as per the sample budget provided with this manual.

Any expansion of the Operating Expenditure base must be requested in the line item decision unit portion of the budget in the 12.00 series. Expansion requests must be accompanied by sufficient narrative on the B-8.1 to explain the need for the increase.

There are no increases this year for agencies affected by the Department of Administration's building services space charges. See chart below for rates. All other lease or rent increases for existing space must be addressed as an inflationary adjustment using form B-4 in decision unit 10.21. Requests for discretionary (additional) space must be addressed in the DU 12.00 series as line items.

Class of Space	Fiscal Year 2007 Per Square Foot	Fiscal Year 2008 Per Square Foot	Change in Cost Per Square Foot
"A"	\$10.40	\$10.40	\$0
"B"	\$8.85	\$8.85	\$0
"C"	\$8.00	\$8.00	\$0

Statewide Cost Allocation: Information on interagency nonstandard adjustments (10.40 series) for indirect cost recovery of State Treasurer, State Controller, and Attorney General fees are based on the 2008 Statewide Cost Allocation Plan (SWCAP) and will be available at the end of September. The 2008 SWCAP will be calculated based on actual financial and statistical information from FY 2006. Agencies will be notified by DFM and asked to concur with the nonstandard budget adjustments for the indirect cost recovery fees.

Capital Outlay

All Capital Outlay, with the exception of recurring Capital Outlay, which includes library books and long-term time-purchase items, will be removed in DU 8.40 series to arrive at the FY 2008 Base.

Replacement Capital Outlay may be requested within the maintenance portion of the budget (DU 10.30 series). Most agencies use inventory-tracking systems to document (at a minimum for insurance purposes) replacement costs, historical acquisition data, estimated useful life, and salvage value for existing inventories. These systems should support the request for replacement Capital Outlay. Funding to replace an item can only be requested once during the lifetime of that item. If an agency has already received funding to replace an item AND the agency subsequently determines the item to be replaced has some ongoing value or a lesser use and delays its disposal, the agency will not be allowed to request funding for the replaced item in a future budget request. All items should be categorized as office equipment and furniture, information technology equipment, and vehicle replacement. Agencies may add

other categories of replacement Capital Outlay for specialized equipment and vehicles. Individual DFM and LSO-BPA analysts may ask agencies for additional information about existing inventories.

Agencies with expansion Capital Outlay requests that include funds for property and buildings will need to itemize that information as shown on the B-8.1 form.

Agencies should use Correctional Industries or Federal/State Surplus Property products and services whenever possible. Agencies should also check with Correctional Industries for items such as furniture upholstery, office furniture, sign making, and moving assistance. A Correctional Industries representative can be contacted at 658-2163. Federal Surplus Property can be contacted at 334-3477. They have vehicles, office furniture and equipment, and many other items for sale at cost.

Trustee/Benefit Payments

Budgets that have payments to entities funded through the Trustee/Benefit Payments classification may request a 1.81% inflationary increase in the MCO DU 10.20 series. Programs where Trustee/Benefit Payments are made up exclusively of medical costs may use a 3.06% inflation factor. Decision unit 10.21 should be used for general inflationary increases and DU 10.22 should be used for medical inflationary increases.

EMPLOYEE BENEFIT RATES

BUDGETED FY 2007

FICA

SSDI 0.062 x salary to \$92,150
SSHI 0.0145 x salary

Unemployment Insurance

0.0028 x salary

Life Insurance

0.0110 x salary

Health Insurance (*medical, dental, mental*)

State Agencies: \$7,125/position

Retirement

Regular: 0.1039 x salary
Judges: 0.0700 x salary
Police / Fire: 0.1073 x salary

Sick Leave

0.0065 x salary

Human Resources (*classified employees*)

0.00615 x salary

CURRENT EST. FY 2007

FICA

SSDI 0.062 x salary to \$96,300
SSHI 0.0145 x salary

Unemployment Insurance

0.0026 x salary

Life Insurance

0.0110 x salary

Health Insurance

\$7,125/position

Retirement

Regular: 0.1039 x salary
Judges: 0.0700 x salary
Police / Fire: 0.1073 x salary

Sick Leave

0.0065 x salary

Human Resources

0.00615 x salary

PROJECTED FY 2008

FICA

SSDI 0.062 x salary to \$100,350
SSHI 0.0145 x salary

Unemployment Insurance

0.0021 x salary

Life Insurance

0.0110 x salary

Health Insurance

\$7,475 position

Retirement

Regular: 0.1100 x salary
Judges: 0.0700 x salary
Police / Fire: 0.1134 x salary

Sick Leave

0.0065 x salary

Human Resources

0.00615 x salary

WORKERS COMPENSATION RATES

Agency	Proj. FY07	Actual FY07	Est. FY08	Agency	Proj. FY07	Actual FY07	Est. FY08
Accountancy Board	.0063	.0055	.0064	Military Division	.0289	.0259	.0298
Administration, Dept.	.0216	.0194	.0223	Nursing Board	.0064	.0053	.0061
Agriculture, Dept.	.0189	.0177	.0204	Occup. License Board	.0151	.0105	.0121
Arts Commission	.0075	.0067	.0077	Office of Species Conserv	.0069	.0063	.0072
Attorney General	.0046	.0043	.0049	Office on Aging	.0070	.0064	.0073
Blind Commission	.0070	.0061	.0070	Outfitters & Guides Bd.	.0139	.0132	.0151
Boise State University	.0089	.0081	.0081	Parks & Recreation	.0341	.0313	.0360
Brand Board	.0337	.0308	.0354	PERSI	.0053	.0048	.0055
Building Safety, Div.	.0102	.0094	.0108	Pharmacy Board	.0114	.0102	.0118
Cert. Shorthand Rep. Bd.	.0315	.0208	.0239	Prof. Engineers Board	.0077	.0072	.0082
Commerce & Labor	.0051	.0047	.0054	Prof. Geologists Board	.0161	.0140	.0161
Correctional Industries	.0379	.0349	.0401	Professional Tech Educ.	.0063	.0058	.0067
Corrections, Dept.	.0341	.0313	.0360	Public Health Dist. I	.0173	.0151	.0174
Dentistry Board	.0086	.0079	.0091	Public Health Dist. II	.0063	.0057	.0065
Dept. of Environ Quality	.0090	.0083	.0096	Public Health Dist. III	.0143	.0117	.0135
Disabilities Deter. Unit	.0051	.0047	.0054	Public Health Dist. IV	.0111	.0089	.0102
Div. Financial Mgmt.	.0066	.0061	.0070	Public Health Dist. V	.0180	.0162	.0186
Div. Human Resources	.0064	.0059	.0068	Public Health Dist. VI	.0156	.0129	.0149
Eastern Id. Tech. College	.0083	.0078	.0090	Public Health Dist. VII	.0076	.0066	.0076
Finance, Dept.	.0031	.0027	.0032	Public Utilities Comm.	.0071	.0071	.0081
Fish & Game, Dept.	.0322	.0296	.0341	Racing Commission	.0122	.0132	.0152
Governor's Office	.0059	.0055	.0063	Real Estate Commission	.0071	.0064	.0074
Health & Welfare	.0141	.0135	.0155	School for Deaf & Blind	.0161	.0140	.0161
Hispanic Commission	.0087	.0082	.0095	Secretary of State	.0052	.0048	.0055
Historical Society	.0149	.0139	.0160	Senate	.0115	.0098	.0113
House of Representatives	.0182	.0165	.0190	State Appellate Pub. Def	.0050	.0045	.0052
Human Rights Comm.	.0075	.0068	.0078	State Board of Ed	.0067	.0059	.0068
Idaho Public Television	.0072	.0066	.0076	State Controller	.0050	.0044	.0051
Idaho State Police	.0265	.0230	.0282	State Ind. Living Council	.0142	.0134	.0154
Idaho State University	.0099	.0093	.0093	State Insurance Fund	.0066	.0060	.0070
Idaho Women's Comm.	.0178	.0155	.0178	State Library	.0056	.0052	.0060
Industrial Commission	.0062	.0057	.0066	State Treasurer	.0052	.0049	.0056
Insurance, Dept.	.0078	.0070	.0081	Supt. Of Public Instr.	.0061	.0056	.0064
Investment Board	.0078	.0070	.0080	Tax Appeals Board	.0057	.0052	.0060
Judicial Branch	.0049	.0042	.0048	Tax Commission	.0044	.0040	.0046
Juvenile Corrections	.0296	.0273	.0314	Transportation, Dept.	.0381	.0355	.0409
Lands Dept.	.0202	.0211	.0242	Uniform Laws Comm.	.0000	.0000	.0000
Lava Hot Springs	.0361	.0327	.0376	University of Idaho	.0143	.0144	.0144
Legislative Services	.0040	.0038	.0043	Veteran's Affairs	.0588	.0513	.0590
Lewis-Clark State College	.0086	.0080	.0092	Veterinary Med. Bd.	.0068	.0071	.0082
Lieutenant Governor	.0068	.0062	.0071	Vocational Rehab	.0064	.0058	.0067
Liquor Dispensary	.0196	.0183	.0210	Water Resources	.0081	.0074	.0085
Lottery Commission	.0196	.0195	.0224				
Medicine Board	.0090	.0080	.0092				